

TARIFF ACTION MEMORANDUM

Date: November 4, 2021

File No.: TA894-2

Date Filed: September 9, 2021

Statutory End Date: October 25, 2021

Extended Statutory End Date: November 8, 2021

Utility: Alaska Power Company

Description: Housekeeping revisions to remove special contracts from tariff.

Synopsis of Filing:

Alaska Power Company (APC) submits TA894-2, proposing to remove expired special contracts from its tariff.

Tariff Recommendation:

The Commission should approve Tariff Sheet No. 100, filed September 9, 2021, by Alaska Power Company, with TA894-2, as shown on the attached side-by-side tariff sheet (APP-1). The effective date of the tariff sheet should be November 8, 2021.

Reason(s) for the above-indicated recommendation: See attached memorandum.

Signed: Keiba Kimp
Keiba Kimp

Title: Utility Tariff Analyst

Commission decision regarding this recommendation:

	Date (if different from 11/4/21)	<u>I CONCUR</u>	<u>I DO NOT CONCUR</u>	<u>I WILL WRITE A DISSENTING STATEMENT*</u>
Pickett		<u>RNP</u>		
Kurber		<u>KKI</u>		
Scott		<u>AGS</u> AGS		
Sullivan		<u>RNP</u> for DS		
Wilson		<u>JWW</u> JWW		

* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA
The Regulatory Commission of Alaska
701 West 8th Ave., Suite 300
Anchorage, Alaska 99501-3469

M E M O R A N D U M

To: Robert M. Pickett, Chairman
Keith Kurber II
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: November 4, 2021

From: Keiba Kimp, Utility Tariff Analyst

Subject: TA894-2, Alaska Power Company
Housekeeping Revisions to Remove Special Contracts

STATEMENT OF CASE

Alaska Power Company (APC) submits TA894-2, proposing to remove expired special contracts for Young's Fuel Logs and Pellets, LLC (YFLP) and Sundance Mining Group, LLC (SMG).

RECOMMENDATION

The Commission should approve Tariff Sheet No. 100, filed September 9, 2021, by Alaska Power Company, with TA894-2, as shown on the attached side-by-side tariff sheet (APP-1). The effective date of the tariff sheet should be November 4, 2021.

BACKGROUND

On January 17, 2014, APC filed TA838-2, seeking approval of a special contract with YFLP. YFLP is a Tok business owned by Young's Timber, Inc. It wanted to expand its line of products and contacted APC with intent to purchase interruptible power to increase production due to the high cost of electricity in Tok at that time.¹ The contract indicated that YFLP would purchase interruptible power from APC for seven years, with an option to extend the term an additional five years if both parties agreed.² On April 1, 2014, the Commission issued Letter Order No. L1400049, approving the special contract between APC and YFLP filed in TA838-2, subject to the revision of Provision 18. In that order, the Commission also required APC to revise Tariff Sheet No. 100 to reflect the approval of the special contract.³ On April 11, 2014, APC filed TA841-2 with the revised special contract and Tariff Sheet No. 100 in compliance with Letter Order No. L1400049.⁴ On

¹ See Staff Memorandum for TA838-2, filed April 25, 2014, at 3.

² See Special Contract Page 6, TA838-2 filing.

³ See Letter Order No. L1400049, issued April 1, 2014.

⁴ See TA841-2, filed X Date.

May 16, 2014, the Commission issued Letter Order No. L1400213, approving Tariff Sheet No. 100, effective May 15, 2014.

On January 14, 2021, APC filed TA888-2, seeking approval of a special contract between APC and SMG. Under the special contract, SMG agreed to purchase and receive excess hydroelectric energy, when available. SMG agreed to take delivery of a minimum of 2 million kWh of energy annually under a take-or-pay arrangement. The term of the special contract was one year and would be automatically extended for one additional year unless either party gave written notice of termination.⁵ On April 12, 2021, the Commission issued Letter Order No. L2100081, conditionally approving the special contract and approving Tariff Sheet No. 100. T

APC now submits TA894-2, proposing to remove expired special contracts for YFLP and SMG from its tariff. A waiver of the public notice was granted on September 10, 2021.⁶

ANALYSIS

Housekeeping Revisions (Tariff Sheet No. 100)

With TA894-2, APC proposes to remove the YFLP and SMG contracts from Tariff Sheet No. 100. APC states that YFLP's contract expired May 15, 2021 and the renewal clause was not utilized.⁷ APC also states that YFLP is currently purchasing power under APC's Rate Schedule No. A-1.⁸ In its tariff advice letter, APC indicates that SMG disagreed with the conditions imposed by the Commission on the special contract provided in TA888-2 and did not want APC to implement the contract.⁹ APC cites Section 19 of the Purchase Sales Agreement as the grounds for SMG cancelling the contract.¹⁰ On April 27, 2021, SMG indicated in a letter to APC that it could not agree to the Commission's conditions in TA888-2 and wanted to cancel the contract.¹¹ APC indicates that per SMG's request, it cancelled the special contract and continued billing SMG for firm power on Rate Schedule No A-3.¹² APC states that SMG has met all conditions in APC's tariff to purchase interruptible power and has since been moved to Rate Schedule No. A-4, beginning with the June 2021 billing period.¹³

⁵ TA888-2 Staff Memo, at Page 4.

⁶ See TR2105235, Public Notice Waiver.

⁷ See TA letter for TA894-2, at page 1.

⁸ *Ibid.*

⁹ *Id.*, at page 3.

¹⁰ See TA888-2 at Section 19 of the special contract, which states:

REGULATORY COMMISSION OF ALASKA REVISIONS. The Agreement is at all times subject to revisions by the Commission under 3 AAC 48.390. Both Parties shall be given notice and an opportunity to be heard should the Commission be considering any revision to the Agreement. In the event the Commission revises the Agreement in such a manner that either Party no longer believes it is in that Party's best interest to continue under the Agreement, the Party may unilaterally terminate the Agreement.

¹¹ See Exhibit A, TA894-2.

¹² See TA894-2, at Page 3.

¹³ See TA894-2, at Page 3.

3 AAC 48.370(26) provides that the rules and regulations of each utility, to the extent applicable, must include a list of special contracts, with whom and for what service. Staff reviewed the special contracts and the proposed revisions to Tariff Sheet No. 100. Staff believes that because the special contracts are no longer valid that it is reasonable for APC to remove them from their list of special contracts. Therefore, Staff recommends the Commission approve Tariff Sheet No. 100.

CONCLUSION

With TA894-2, APC requests approval to revise its tariff to remove special contracts for YFLP and SMG. Staff has verified the proposed revisions are consistent with applicable regulations and Commission precedent, and the tariff sheet is correct. Therefore, Staff recommends the Commission approve Tariff Sheet No. 100, filed September 9, 2021, by APC, with TA894-2. The effective date of the tariff sheet should be November 8, 2021.

Signature: 

Email: bob.pickett@alaska.gov

Signature: 
Keith Kurber II (Nov 4, 2021 08:26 AKDT)

Email: keith.kurber@alaska.gov

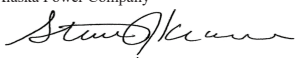
Signature: 

Email: antony.scott@alaska.gov


Signature: 
Janis W. Wilson (Nov 4, 2021 15:32 AKDT)

Email: janis.wilson@alaska.gov

RCA No. 2

16th Revision _____	Sheet No. _____ 100	RECEIVED MAR 18 2021 STATE OF ALASKA REGULATORY COMMISSION OF ALASKA
Cancelling: _____		
15th Revision _____	Sheet No. _____ 100	
Alaska Power Company		
<u>LIST OF SPECIAL CONTRACTS</u> <p>This tariff sheet provides the special contracts currently in effect with Alaska Power Company (APC). The special contracts listed are designed to accommodate the customer named in the special contract, and will be offered to others similarly situated at the same rates, terms, and conditions.</p> <ol style="list-style-type: none"> Whole sale Supply Contract to APC from BBL Hydro, Inc. for APC's requirements in the Craig/Klawock area as approved in TA3-573. Wholesale Supply Contract to APC from Goat Lake Hydro, Inc. for APC's requirements in the Skagway area as approved in U-07-078 (10). Wholesale Supply Contract to APC from Haida Energy, Inc. for APC's requirements for Rate Group 2 on Prince of Wales Island as approved in TA 885-2. (Reserved). (Reserved). Interruptible Power Contract with Youngs Fuel Logs and Pellets, LLC filed approved by the Commission in TA 841-2. Contract was executed on April 11, 2014. Interruptible Power Sales Agreement with Silver Bays Seafoods, LLC, (SBS) executed on May 16, 2019. Contract in effect on date of approval by the Regulatory Commission of Alaska under TA786-2. SBS is required to purchase 2 million kWh of energy annually, and to maintain backup generation facilities. Interruptible Power Sales Agreement with Sundance Mining Group, LLC (Sundance Mine) executed on January 12, 2021. Contract in effect on date of approval by the Regulatory Commission of Alaska under TA888-2. Sundance Mine is required to purchase 2 million kWh of energy annually and maintain backup generation facilities. 		
Tariff Advice Number: TA888-2 Issued by: Alaska Power Company By:  Steven J. Kramer Title: Senior Director of Regulatory Affairs		Effective: April 12, 2021

RCA No. 2

17th Revision _____	Sheet No. _____ 100	TARIFF SECTION RECEIVED SEP 09 2021 RCA
Cancelling: _____		
16th Revision _____	Sheet No. _____ 100	
Alaska Power Company		
<u>LIST OF SPECIAL CONTRACTS</u> <p>This tariff sheet provides the special contracts currently in effect with Alaska Power Company (APC). The special contracts listed are designed to accommodate the customer named in the special contract, and will be offered to others similarly situated at the same rates, terms, and conditions.</p> <ol style="list-style-type: none"> Whole sale Supply Contract to APC from BBL Hydro, Inc. for APC's requirements in the Craig/Klawock area as approved in TA3-573. Wholesale Supply Contract to APC from Goat Lake Hydro, Inc. for APC's requirements in the Skagway area as approved in U-07-078 (10). Wholesale Supply Contract to APC from Haida Energy, Inc. for APC's requirements for Rate Group 2 on Prince of Wales Island as approved in TA 885-2. (Reserved). (Reserved). (Reserved). Interruptible Power Sales Agreement with Silver Bays Seafoods, LLC, (SBS) executed on May 16, 2019. Contract in effect on date of approval by the Regulatory Commission of Alaska under TA786-2. SBS is required to purchase 2 million kWh of energy annually, and to maintain backup generation facilities. (Reserved). 		
Tariff Advice Number: TA894-2 Issued by: Alaska Power Company By:  Steven J. Kramer Title: Senior Director of Regulatory Affairs		Effective: